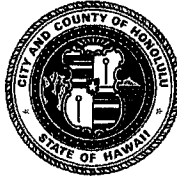


**OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 • FAX: (808) 768-4242 • INTERNET: www.honolulu.gov

KIRK CALDWELL
MAYOR



ROY K. AMEMIYA, JR.
MANAGING DIRECTOR

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

June 28, 2017

The Honorable Ron Menor
Chair and Presiding Officer
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Menor and Councilmembers:

SUBJECT: Bill 24 (2017), CD2, Relating to the Legislative Budget;
Bill 25 (2017), CD2, FD1, Relating to the Executive
Operating Budget; and
Bill 26 (2017), CD2, FD1, Relating to the Executive
Capital Budget

I am returning, unsigned, Bill 24 (2017), CD2, relating to the Legislative Budget; Bill 25 (2017), CD2, FD1, relating to the Executive Operating Budget; and Bill 26 (2017), CD2, FD1, relating to the Executive Capital Budget. My decision not to sign these bills is based on an underlying disagreement over the apparent authority of the City Council to approve the budgets for the Honolulu Authority for Rapid Transportation (HART).

I am also returning unsigned, under a separate letter, Bill 32 (2017); Bill 33 (2017), CD1; and Bill 34 (2017), CD1, which, respectively, relate to the operating budget for Honolulu Authority for Rapid Transportation (HART), to the capital budget for HART, and to the issuance and sale of general obligation bonds and bond anticipation notes in the principal amount equal to the aggregate of the amounts appropriated by the City Council in the HART capital budget, Bill 33 (2017), CD1.

I am again grateful that the Council supported our Executive Operating Budget and Executive Capital Budget requests in large part. I appreciate the hard work and leadership of the Chair of the Budget Committee to address this Administration's concerns and to find common ground. I also am grateful to the members of the Council who worked hard to find common ground for the good of all of the residents of the City and County of Honolulu. I am especially encouraged that the Council adopted a

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number of recommendations included in the Administration's budget submission that are based on sound financial practices and prudence, and that will further strengthen the City's already stellar fiscal position.

My specific concerns are set forth below:

Relating to Bill 24, CD2:

- (1) Section 4 on page 5, references to the HART Operating Budget ordinance and the HART Capital Budget ordinance.

Relating to Bill 25, CD2, FD1:

- (1) All of Subsection 12 (m) on page 22 and on the page designated Amendment List 7; and
- (2) Section 14 on page 24 and on the page designated Amendment List 8, references to the HART Operating Budget ordinance and HART Capital Budget ordinance.
- (3) On pages designated Amendment List 9 and Amendment List 10, the entry that references the County GET Surcharge and the entries that reference the Transit Fund and the Federal Grants Fund-CIP and the Transit Improvement Bond Fund.

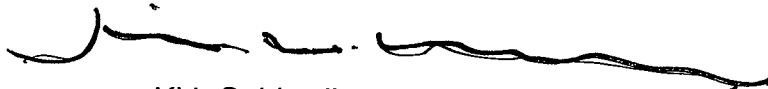
Relating to Bill 26, CD2, FD1:

- (1) Section 15 on pages 44 and 57, references to the HART Operating Budget ordinance and HART Capital Budget ordinance.

As stated in my letter regarding Bill 32 (2017); Bill 33 (2017), CD1; and Bill 34 (2017), CD1, prior communications to the City Council contain the background and details about the extent of the City Council's limited legislative authority under the Charter to enact ordinances relating to HART monies and the HART budgets. Given the Charter provisions and reasons stated in those communications, my position that the Council does not have the authority to approve the budgets for HART remains unchanged.

For the reasons indicated above, I am returning these three bills without my signature of approval, in lieu of any other action available to me on these bills.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kirk Caldwell', with a long, horizontal, wavy line extending to the right.

Kirk Caldwell
Mayor